

Message Text

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SUBJ: VISIT OF DEPUTY ASSISTANT SECRETARY ARMITAGE: ECONOMIC
ASPECTS

REF: STATE 165180

1. VICE MINISTERS STRZELECKI (MFT) AND SPASOWSKI (MFA) USED THE OCCASION OF DEPUTY ASSISTANT SECRETARY ARMITAGE'S VISIT HERE JULY 21-26 TO COMMUNICATE ONCE AGAIN THE IMPORTANCE THE GOP ATTACHES TO A FAVORABLE DECISION ON THE GOLF-CART ISSUE. BOTH VICE MINISTERS EXPRESSED THEIR SATISFACTION WITH THE GENERAL DEVELOPMENT OF U.S.- POLISH ECONOMIC RELATIONS. BOTH ASKED ARMITAGE WHETHER SOME WAY MIGHT STILL BE FOUND TO LESSEN THE IMPACT OF ANTI-DUMPING DUTIES ON THE POLISH EXPORTER OF GOLF CARTS. EACH CITED THE DISCOURAGING IMPLICATIONS WHICH THE NEGATIVE FINDING ON GOLF CARTS WOULD HAVE FOR POLAND'S EXPORTERS WHO MIGHT CONCLUDE THAT THE U.S. MARKET IS CLOSED TO EXPORTS OF MANUFACTURED PRODUCTS.

2. IN RESPONSE, ARMITAGE SAID HE COULD HOLD OUT LITTLE HOPE THAT THE LEVEL OF ASSESSED ANTI-DUMPING DUTIES WOULD BE CHANGED.

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THROUGHOUT THE EARLIER DISCUSSIONS ON GOLF CARTS, ONE POINT WE REPEATEDLY AND VERY CLEARLY MADE WAS THAT THE LAW WOULD BE APPLIED. THE POLISH SIDE SHOULD UNDERSTAND THAT NO ARBITRARY OR POLICY DECISION WAS INVOLVED. ARMITAGE SAID EVERY REMAINING LEGAL AVENUE WOULD BE EXPLORED BEFORE A FINAL DECISION IS MADE BY SECRETARY BLUMENTHAL. IT WAS IMPORTANT FOR THE GOP TO RECOGNIZE THAT THE DECISIONS OF TREASURY MUST CONFORM WITH U.S. LAW

AND THAT THESE DECISIONS COULD BE CHALLENGED IN COURT.

3. ARMITAGE HOPED THE GOP AGREED WITH HIM THAT IT IS TIME TO DRAW LESSONS FROM WHAT HAS BEEN A PAINFUL EXPERIENCE IN OUR ECONOMIC RELATIONS. FIRST, THE SPECIFIC FINDING IN THE GOLF-CART CASE SHOULD NOT BE TAKEN BY THE GOP AS A PROTOTYPE OF THE DIFFICULTIES POLISH EXPORTS MIGHT ENCOUNTER IN THE U.S. MARKET. THAT MARKET IS VAST AND THERE IS NO REASON FOR THE GOP TO CONCLUDE THAT POLAND'S MANUFACTURED PRODUCTS COULD NOT DO WELL IN IT. AT THE SAME TIME, TO PRECLUDE FUTURE DIFFICULTIES, ARMITAGE THOUGHT IT MIGHT BE BENEFICIAL IF POLISH EXPORTERS WERE TO HAVE CONSULTATIONS WITH INTERESTED U.S. AGENCIES ON PRICING AND COMPETITIVE ISSUES BEFORE UNDERTAKING MAJOR INVESTMENT DECISIONS. IT MIGHT ALSO PROVE WISE IF FTO'S CONSIDERED EMPLOYING EXPERIENCED MARKET-RESEARCH FIRMS AND LAWYERS CONVERSANT WITH RELEVANT LEGISLATION TO ASSIST THEM IN DETERMINING HOW THE U.S. MARKET CAN BEST BE APPROACHED. IN THIS WAY, PROBLEMS LIKE THOSE WHICH AROSE IN THE GOLF-CART CASE MIGHT BE AVOIDED IN THE FUTURE.

4. SPASOWSKI AND STRZELECKI TOLD ARMITAGE THAT, EVEN THOUGH THEY WERE DEEPLY DISAPPOINTED WITH THE ASSESSED DUTIES IN THE CASE, THERE HAD NEVER BEEN ANY QUESTION OF THE WILLINGNESS OF THE U.S. GOVERNMENT TO CONSIDER THE PROBLEM SYMPATHETICALLY. THEY ONLY HOPED THE FINAL OUTCOME WOULD RESULT IN A SOLUTION WHICH IS IN AGREEMENT WITH U.S. LAW, BUT WOULD PERMIT PEZETEL TO CONTINUE ITS SALES OF GOLF CARTS IN THE U.S. SPASOWSKI SAID LIMITED OFFICIAL USE

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AMBASSADOR TRAMPCZYNSKI WOULD CALL ON SECRETARY BLUMENTHAL IN THE NEAR FUTURE TO EXPRESS THE GOP'S "VERY DEEP CONCERN" OVER THE ISSUE.

5. STRZELECKI SAID HE THOUGHT COMMERCIAL RELATIONS BETWEEN THE U.S. AND POLAND HAD DEVELOPED ON THE WHOLE "RATHER NICELY" AND THAT A SOLID BASE FOR FUTURE EXPANSION HAD BEEN LAID. ALTHOUGH SOME PROBLEMS EXIST, POLAND'S INDUSTRY HAS BEEN "COMPARATIVELY LUCKY". POLISH SHIPYARDS ARE TOTALLY BOOKED FOR 1977 AND NEARLY ALL OF 1978. STRZELECKI OBSERVED THAT THE SHIPYARDS' DECISION TO DIVERSIFY THEIR PRODUCTION MIX AND NOT SPECIALIZE EXCLUSIVELY IN TANKER PRODUCTION HAD PROVED WISE. HE SAID MACHINERY AND EQUIPMENT EXPORTS TO THE WEST IN THE FIRST HALF OF 1977 ARE UP BY OVER 40 PERCENT AND THIS WAS A PROMISING DEVELOPMENT, EVEN THOUGH ACTUAL VOLUME IS STILL MODEST. STRZELECKI THOUGHT HAM EXPORTS TO THE U.S. COULD BE INCREASED IN 1978 NOW THAT HOG NUMBERS HAVE AGAIN STARTED RISING. HE HOPED THAT TRADITIONAL POLISH EXPORTS OF TEXTILES AND FOOTWEAR COULD BE FURTHER EXPANDED IN THE U.S. AND OTHER WESTERN MARKETS.

6. SPASOWSKI TOLD ARMITAGE HE WISHED TO CONVEY HIS GOVERNMENT'S DEEP APPRECIATION FOR THE LONGSTANDING AGRICULTURAL COOPERATION

BETWEEN POLAND AND THE U.S. ALTHOUGH POLAND'S AGRICULTURAL PROSPECTS ARE "NOT BAD" THIS YEAR, SPASOWSKI SAID THE POLES WOULD STILL PURCHASE AT LEAST 2.5-MILLION TONS OF GRAIN FROM THE U.S. HE THOUGHT IT WOULD BE A GOOD IDEA IF HIGH-LEVEL CONTACTS BETWEEN AGRICULTURAL OFFICIALS WERE CONTINUED. SPASOWSKI SAID HE HOPED SECRETARY BERGLAND'S SCHEDULE WOULD PERMIT HIM TO COME TO POLAND SOON. IF NOT, PERHAPS MINISTER BARCIKOWSKI COULD AGAIN VISIT THE U.S. ARMITAGE PROMISED TO EXPLORE THIS UPON HIS RETURN TO WASHINGTON.

7. COMMENT. WE ARE ENCOURAGED BY THE MORE POSITIVE APPROACH OF GOP OFFICIALS TOWARD THE COUNTRY'S ECONOMIC PROBLEMS AS REFLECTED IN DISCUSSIONS WITH ARMITAGE AND DAS REICH. ALTHOUGH THE CONCERNS OF THE GOP ON THE GOLF-CART ISSUE RUN VERY DEEP, WE SENSE A LIMITED OFFICIAL USE

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GROWING AWARENESS THAT THE PROBLEM SHOULD NOT BE PERMITTED TO OVERSHADOW THE OTHERWISE POSITIVE STATE OF OUR ECONOMIC RELATIONS. WE CONTINUE TO HOPE, HOWEVER, THAT SECRETARY BLUMENTHAL'S DECISION WILL BE THE MOST FAVORABLE ONE CONSISTENT WITH U.S. LAW. END COMMENT.
DAVIES

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